



Trelleborg interim report

October - December 2017

Peter Nilsson, President & CEO

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Summary & Q1 2018 outlook

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Growth and better earnings

Q4 2017 financial summary

- Sales at SEK 7 708 M, increase of 4 percent
- Organic sales up 7 percent. Excluding project deliveries, the organic sales increase was 9 percent
- EBIT¹ up 10 percent, corresponding to a margin of 12.0 percent
- Items affecting comparability at SEK -314 M
 - Restructuring cost of SEK -781 M
 - Final additional Vibracoustic consideration better than anticipated, gain of SEK 467 M
- Operating cash flow at SEK 1 208 M, decrease of 9 percent
- R12M cash conversion at 90 percent
- Proposed dividend per share of SEK 4.50

Organic sales development by geography

Organic sales excl. project-related business¹

Total Group	
Oct-Dec 17	Oct-Dec 16
9%	2%

Western Europe		
Share	Oct-Dec 17	Oct-Dec 16
47%	9%	0%

North America		
Share	Oct-Dec 17	Oct-Dec 16
22%	11%	-6%

Other Europe		
Share	Oct-Dec 17	Oct-Dec 16
11%	8%	6%

South and Other America		
Share	Oct-Dec 17	Oct-Dec 16
4%	9%	23%

Asia & Other markets		
Share	Oct-Dec 17	Oct-Dec 16
16%	6%	19%

Share = Actual 2017²

¹Project deliveries refer to the whole of Trelleborg Offshore & Construction and minor parts of Trelleborg Industrial Solutions' operations

²Share represents sales including project-related business



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Lower volumes and unfavorable sales mix

Trelleborg Coated Systems¹

- Organic sales: -7%
- Coated fabrics; weaker demand from Transport and Aerospace
- Printing blankets; lower sales in most regions
- Several ongoing initiatives to improve profitability
- EBIT and margin impacted by lower volumes and unfavorable sales mix
- Post Q4: acquisition of Dartex

SEK M	Q4 2017	Q4 2016	Change, %
Net sales	593	671	-12
Organic, %	-7	5	
Structural, %	-	-	
Exchange rate, %	-5	6	
EBIT	61	87	-30
EBIT, %	10,3	12,9	-2.6 p.p.

Healthy growth trend spur higher earnings

Trelleborg Industrial Solutions¹

- Organic sales: +8%
- Improved markets in general
- Most geographical regions improved
- Many activities with focus on positioning and footprint
- EBIT improved on higher volumes and implemented restructuring

SEK M	Q4 2017	Q4 2016	Change, %
Net sales	1 387	1 326	5
Organic, %	8	-2	
Structural, %	-	13	
Exchange rate, %	-3	3	
EBIT	175	153	14
EBIT, %	12.6	11.5	+1.1 p.p.

Offshore oil & gas remains challenging

Trelleborg Offshore & Construction¹

- Organic sales: -8%
- Market situation remains challenging in offshore oil/gas
- Mixed development in infrastructure projects
- Consolidation of subsea buoyancy activities to UK
- Simplified business area structure

SEK M	Q4 2017	Q4 2016	Change, %
Net sales	787	893	-12
Organic, %	-8	-27	
Structural, %	-	3	
Exchange rate, %	-4	2	
EBIT	-11	17	-165
EBIT, %	-1.5	1.9	-3.8 p.p.

Growth momentum continues

Trelleborg Sealing Solutions¹

- Organic sales: +9%
- Most geographies and market segments developed favorably
- North American sales strong
- EBIT improvement on higher sales
- Margin impact from acquisitions with initially lower margins
- Acquisition of Automated Dynamics

SEK M	Q4 2017	Q4 2016	Change, %
Net sales	2 349	2 216	6
Organic, %	9	1	
Structural, %	1	7	
Exchange rate, %	-4	4	
EBIT	469	436	8
EBIT, %	20.0	19.7	+0.3 p.p.

Strong organic growth in all regions

Trelleborg Wheel Systems¹

- Organic sales: +17%
- Strong sales to especially European Agri OE customers
- Aftermarket sales increased in all regions, despite some markets still subdued
- Industrial & construction tires sales increased in all regions
- EBIT gain as a result of higher sales - margin gain, despite adverse sales channel mix

SEK M	Q4 2017	Q4 2016	Change, %
Net sales	2 198	1 883	17
Organic, %	17	-	
Structural, %	1	80	
Exchange rate, %	-1	5	
EBIT	240	174	38
EBIT, %	10.9	9.2	+1.7 p.p.

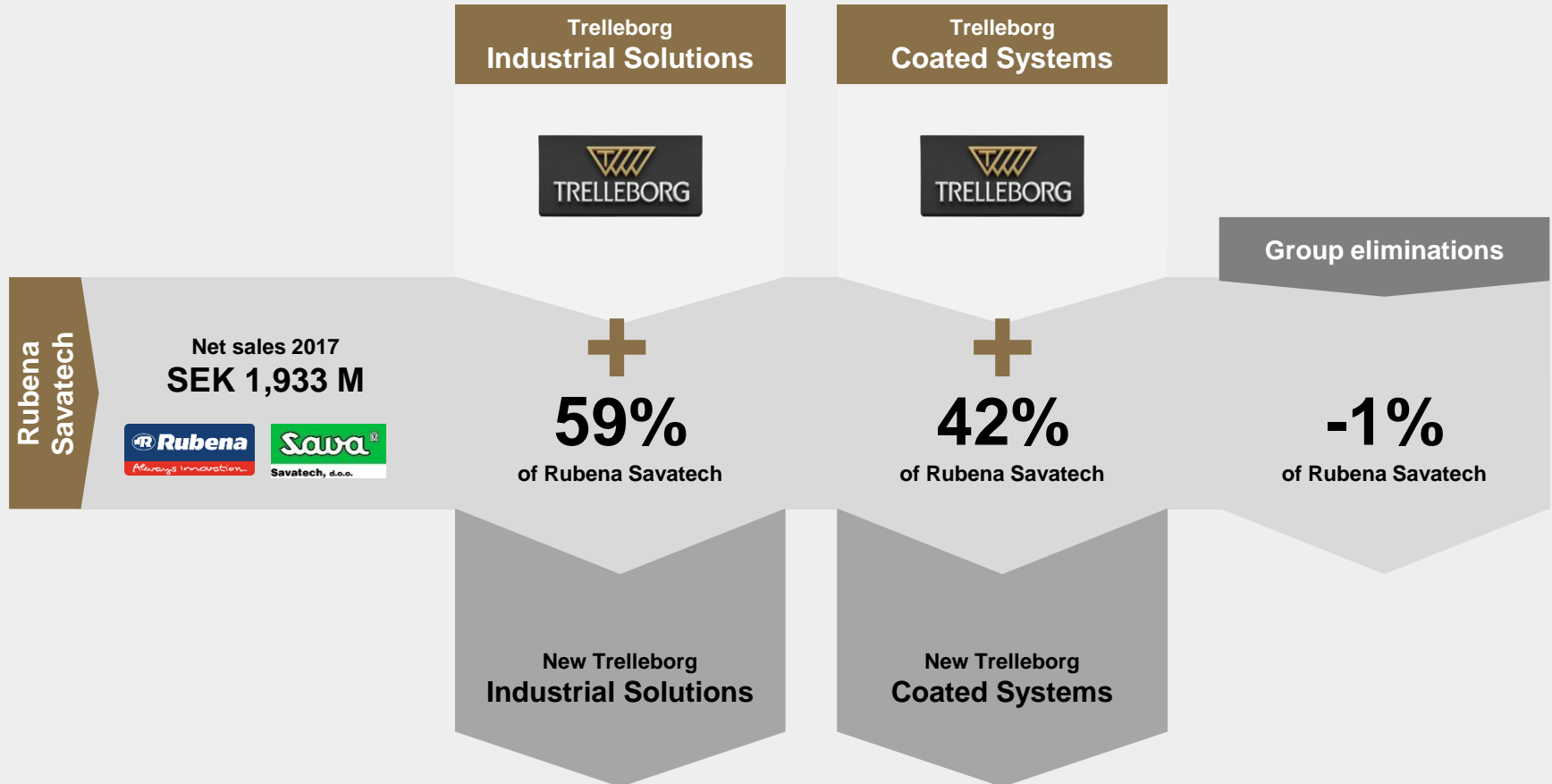
Last quarter as a stand-alone business

Rubena Savatech¹

- Organic sales: +3%
- Operations integrated into existing business areas from 1 Jan. 2018
- Good sales trend in both general industry and automotive
- EBIT and margin adversely impacted by tight labor market and integration costs
- Ongoing investments to increase capabilities and capacity

SEK M	Q4 2017	Q4 2016	Change, %
Net sales	470	447	5
Organic, %	3	-	
Structural, %	-	-	
Exchange rate, %	2	-	
EBIT	24	31	-23
EBIT, %	5.1	7.0	-1.9 p.p.

Rubena Savatech merged with existing business areas as of January 1, 2018





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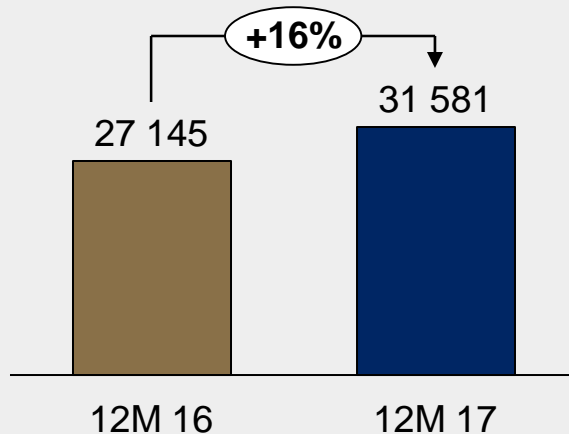
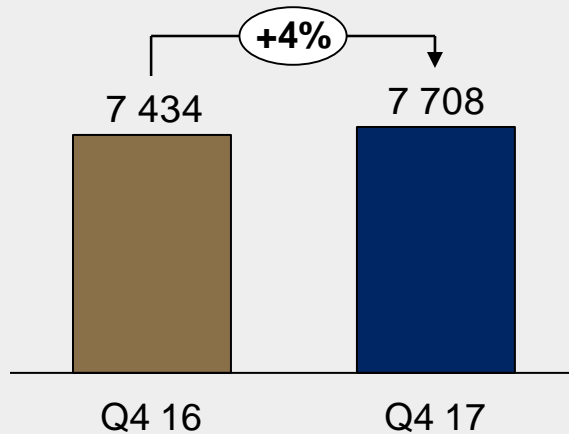
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Good Q4 organic sales but adverse currencies

Sales development



October - December [%]

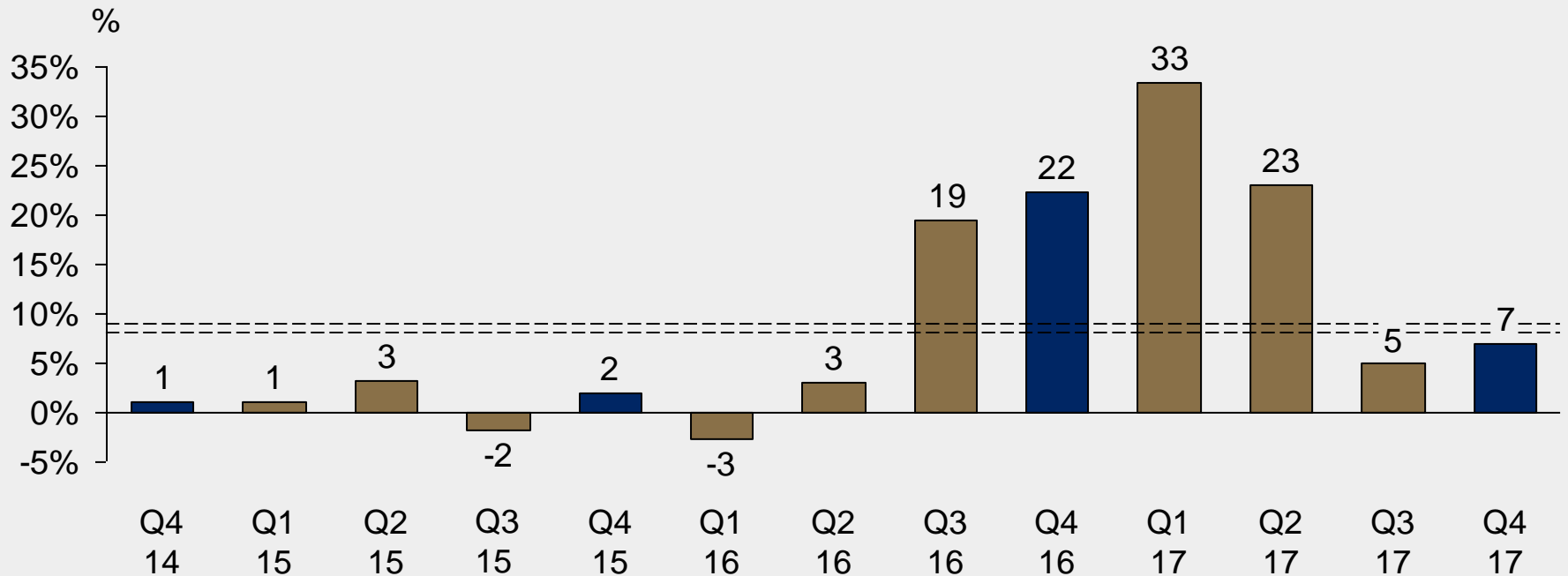
Organic	7
Structural	0
Currency	-3
Total	4

January - December [%]

Organic	4
Structural	12
Currency	0
Total	16

Structural growth replaced by organic growth

Target: 5-8% over a business cycle

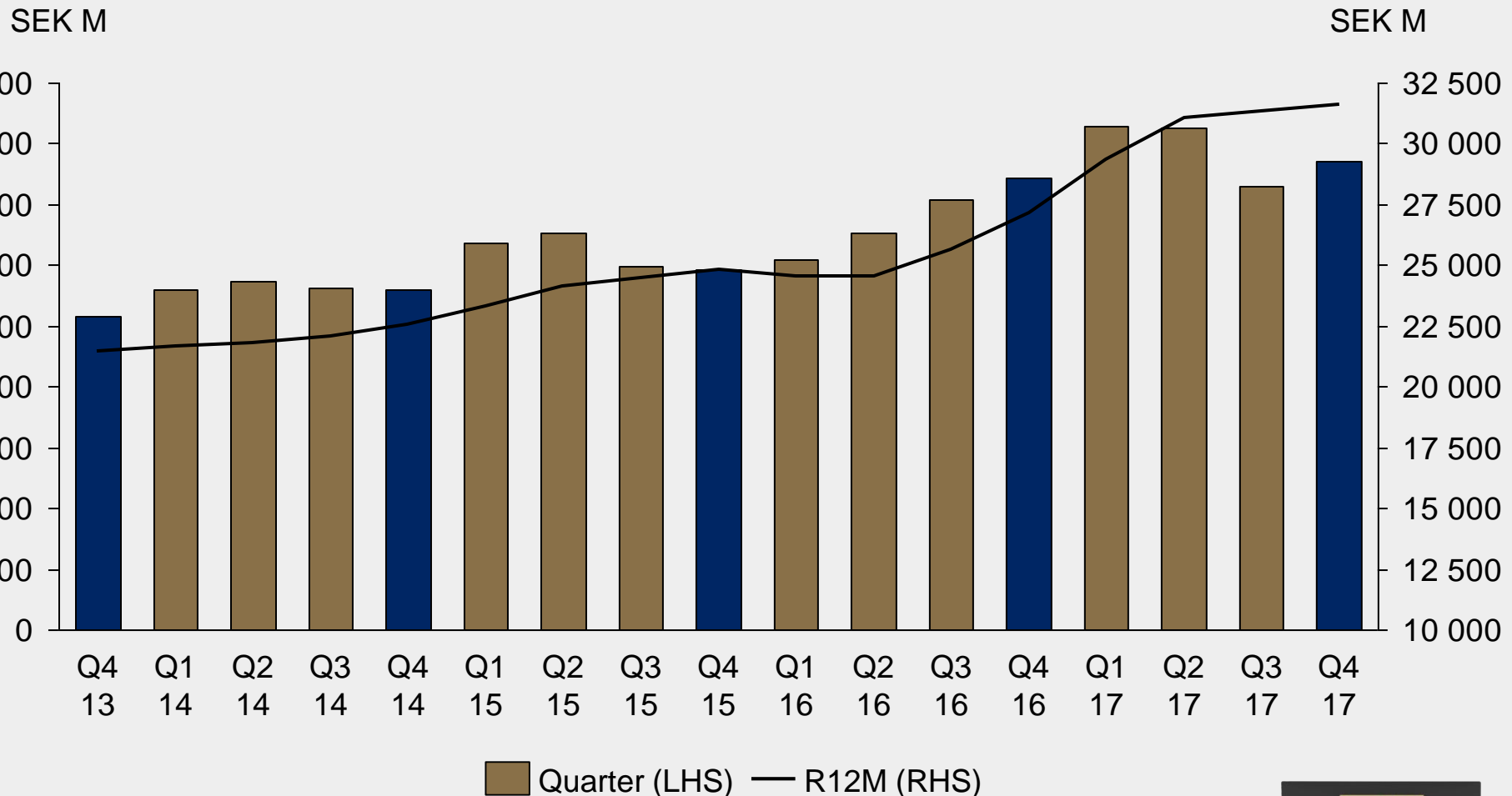


Of which organic growth, %:

-2 -4 -1 -3 0 -4 -6 -5 -4 3 3 3 7

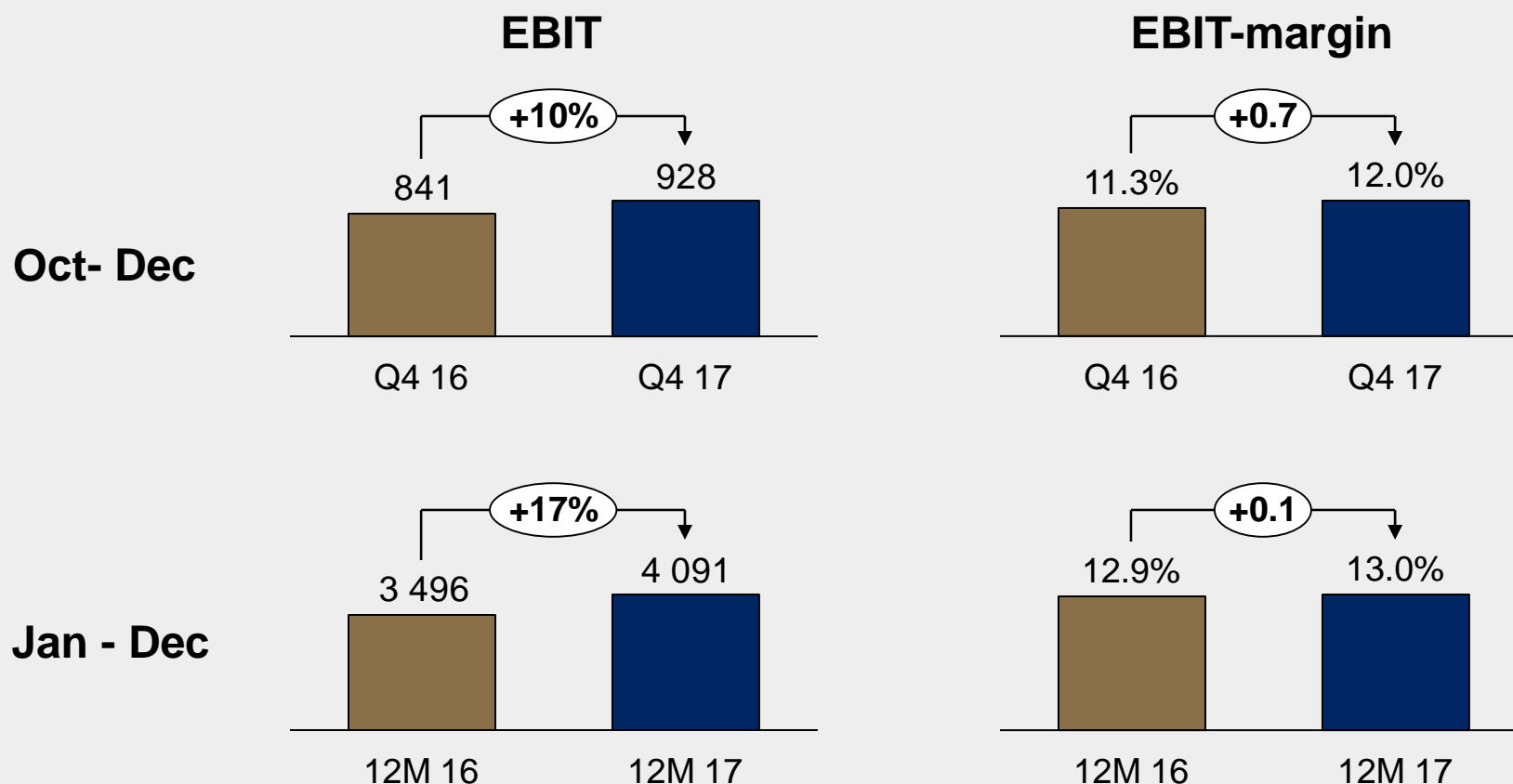
Highest fourth quarter sales to date

Sales development, R12M



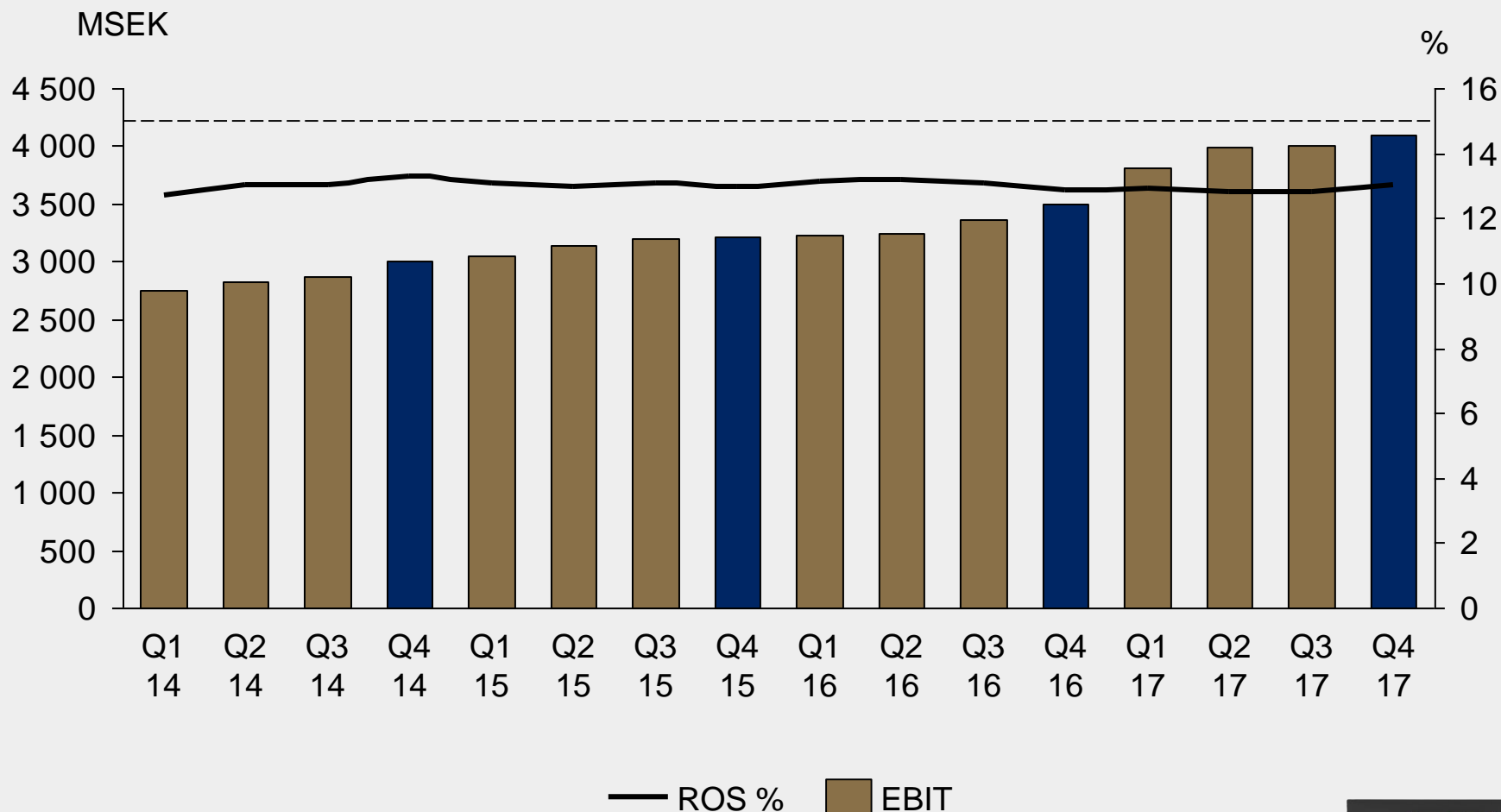
Group EBIT-margin improvement

EBIT development¹



19 consecutive quarters of improved EBIT

EBIT and margin, R12M¹



¹Excluding items affecting comparability

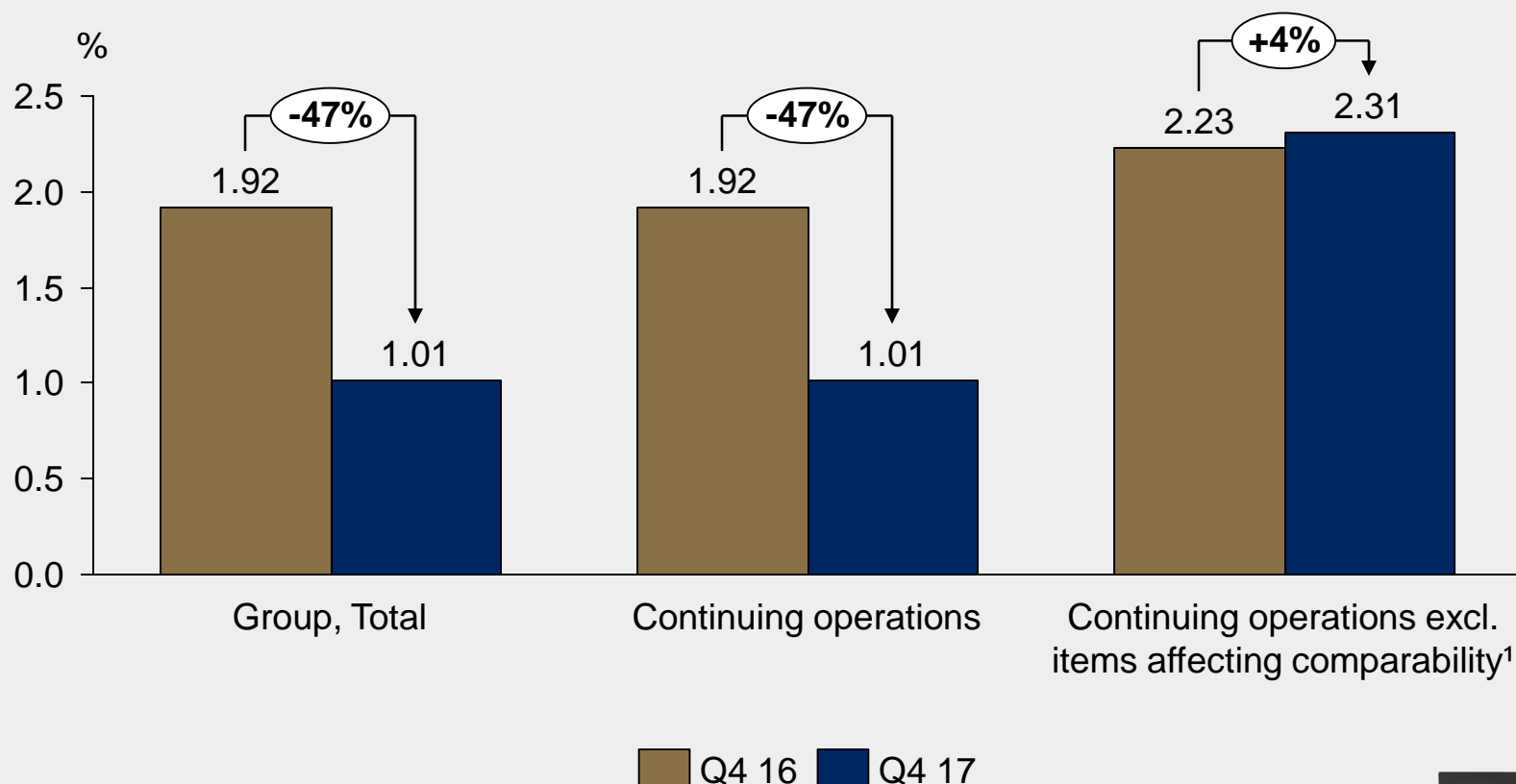
Total Group

Profit & loss statement

SEK M	Q4 2017	Q4 2016	Change, %	12M 2017	12M 2016	Change, %
EBIT, excl. items affecting comparability	928	841	10	4 091	3 496	17
EBIT margin, %	12,0	11,3	0.7 p.p.	13,0	12,9	0.1 p.p.
<i>Restructuring costs</i>	-781	-118		-1 008	-391	
<i>Capital gain divestment of compounding operation</i>	-	-		472	-	
<i>Profit impact on receivable related to Vibracoustic</i>	467	-		467	-	
Items affecting comparability	-314	-118		-69	-391	
EBIT	614	723	-15	4 022	3 105	30
Financial income and expenses	-57	-53	-8	-230	-209	-10
Profit before tax	557	670	-17	3 792	2 896	31
Taxes ¹	-284	-151	-88	-918	-680	-35
Net profit, continuing operations	273	519	-47	2 874	2 216	30
Net profit, discontinuing operations ²	-	-		-	4 369	
Net profit, Group	273	519	-47	2 874	6 585	-56

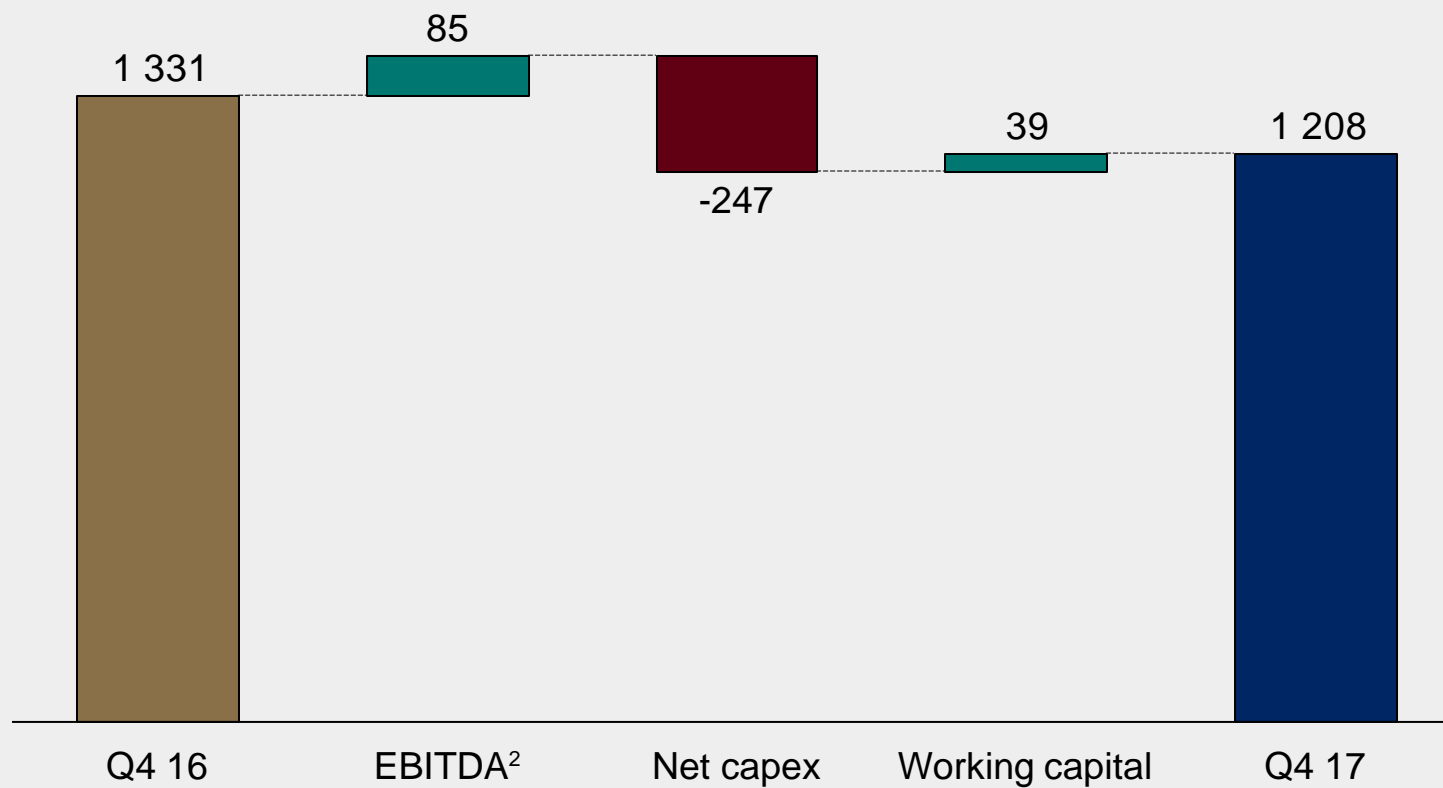
Reported EPS declined due to one-offs

Earnings per share



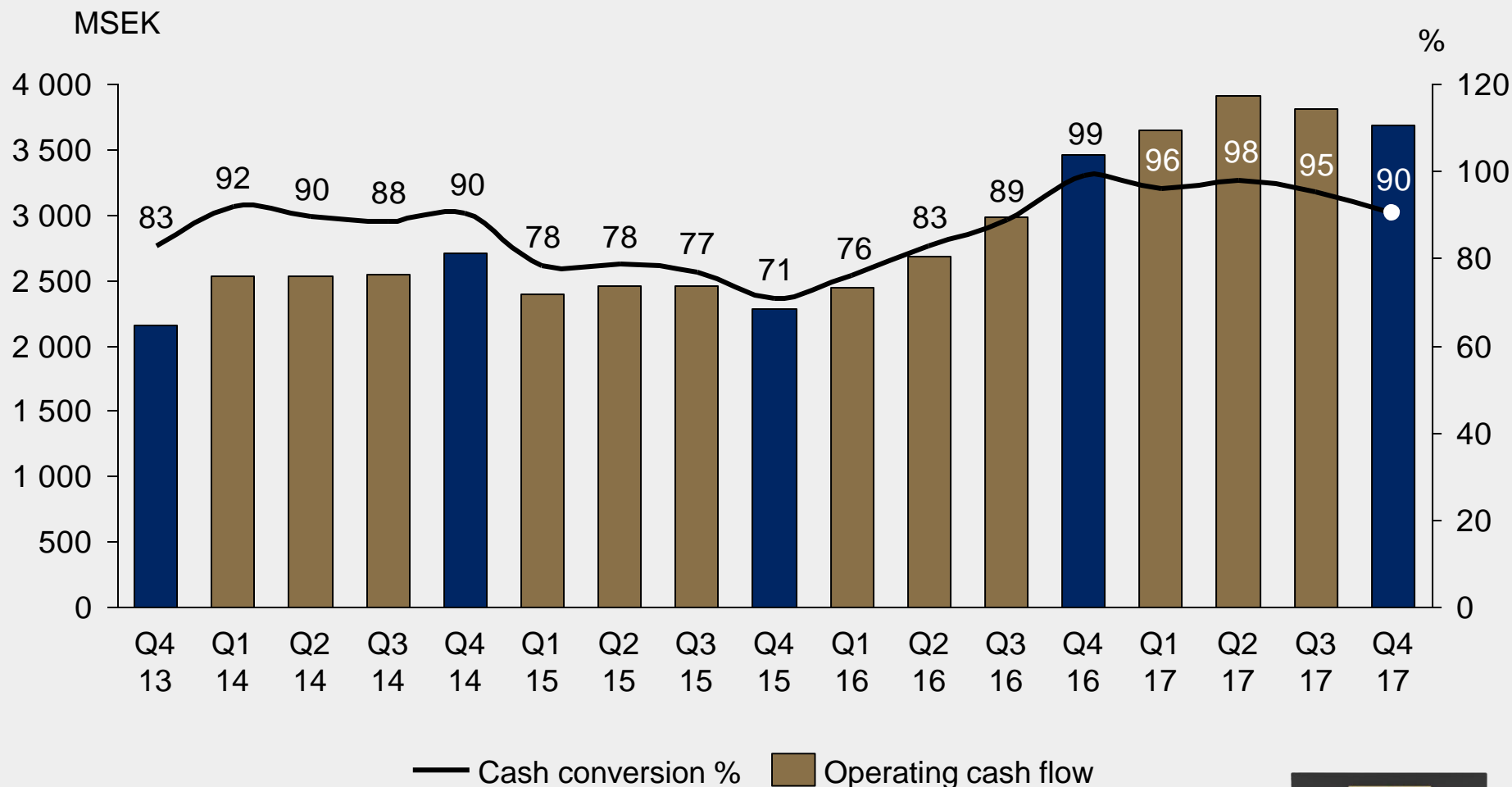
Higher capital expenditure

Operating cash flow¹



Continued focus on cash conversion

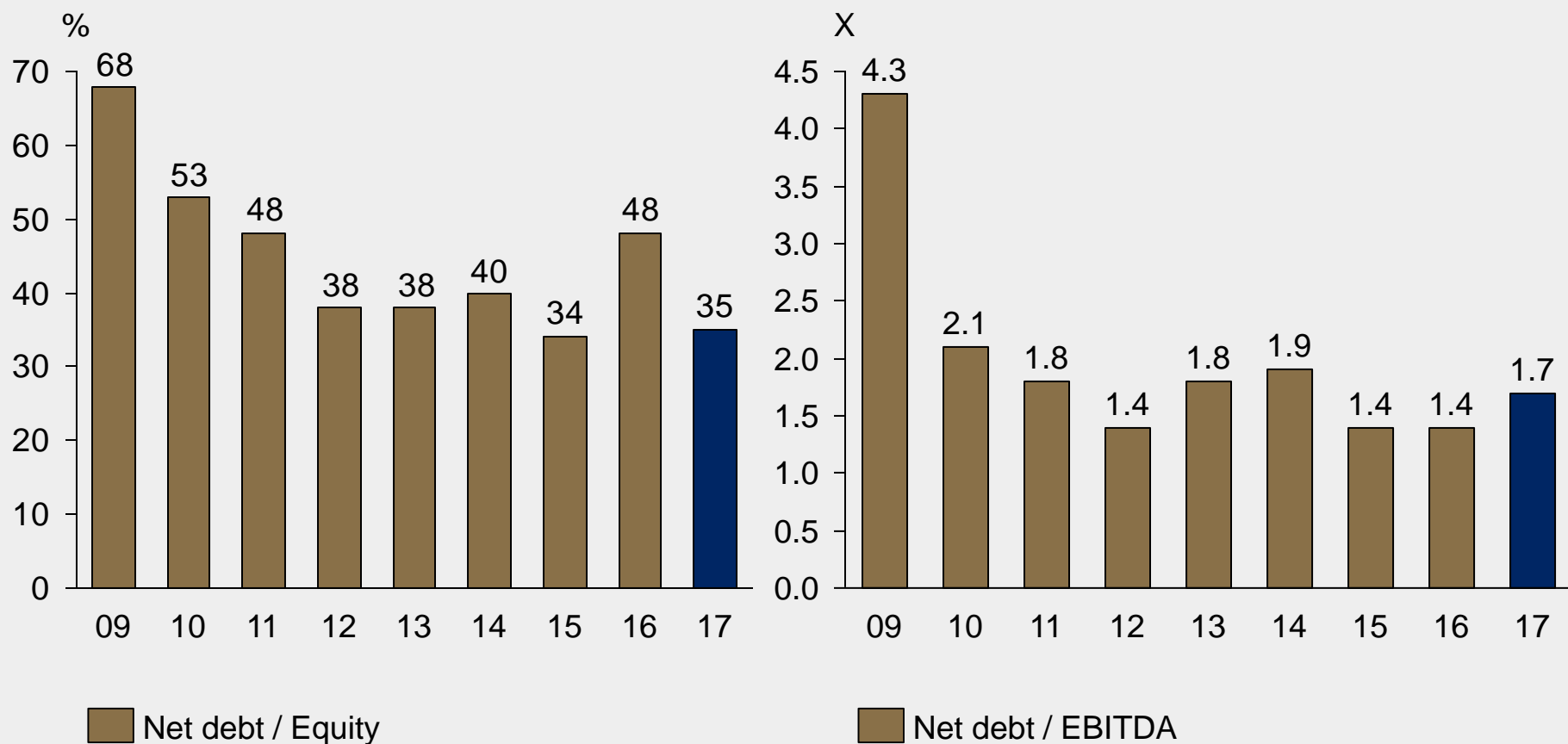
Operating cash flow, R12M¹



¹Excluding items affecting comparability

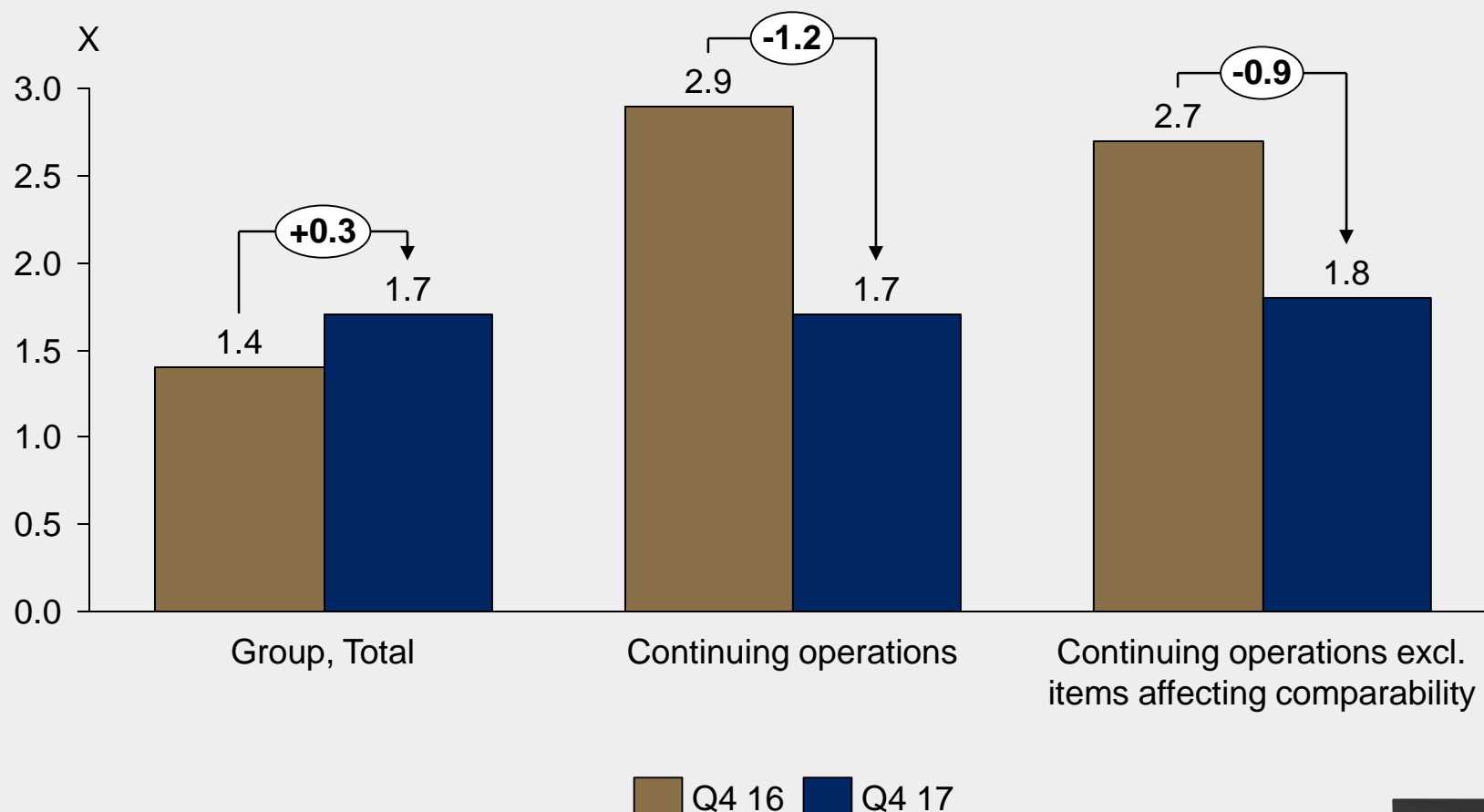
Leverage at a stable level

Gearing and leverage development, R12M¹



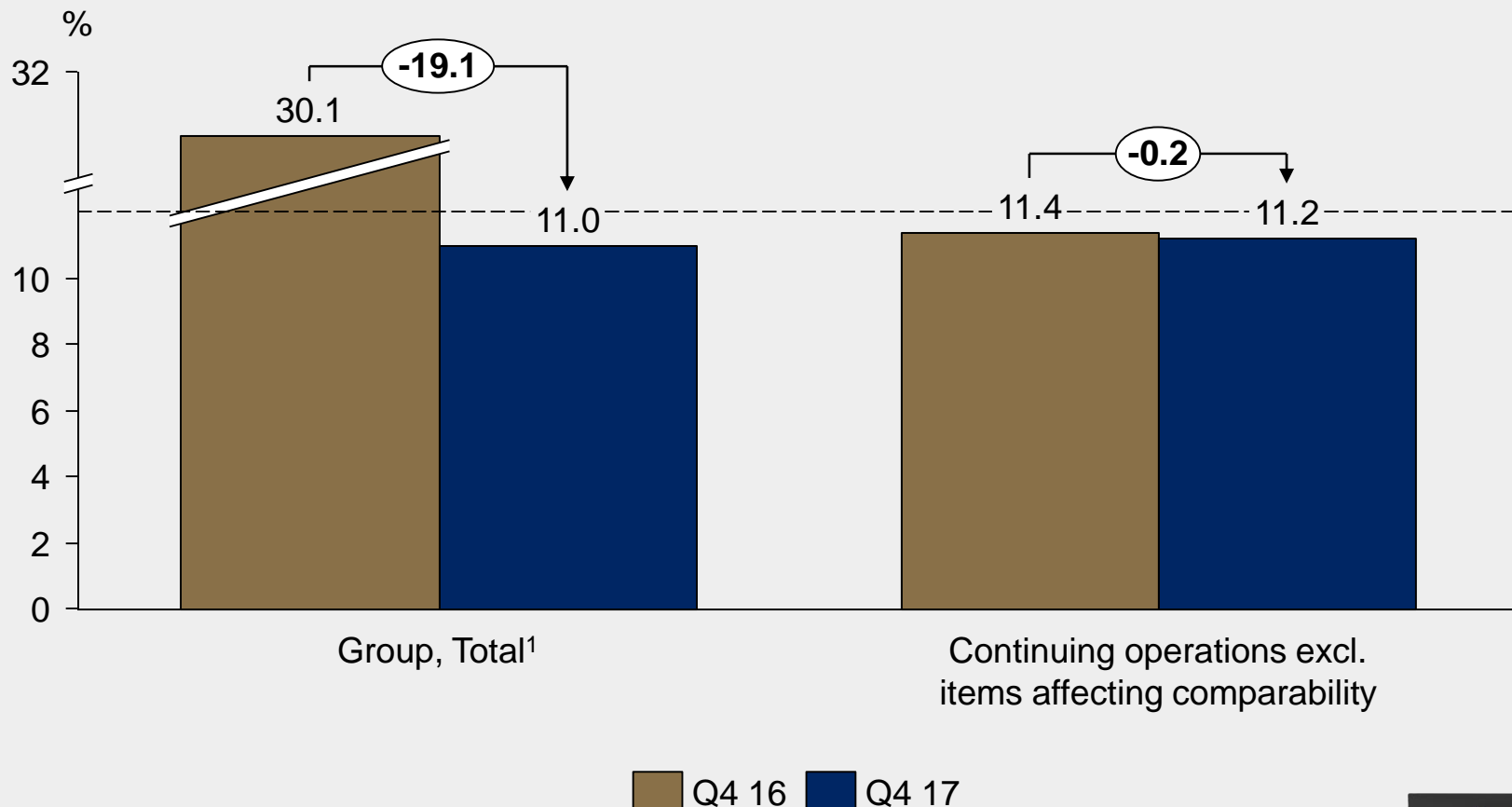
Steadily decreasing leverage

Net debt / EBITDA, R12M



Underlying ROE impacted by one-offs

Return on equity, R12M





Financial guidelines for full-year 2018

- Capex: SEK ~1,800–2,000 M
- Restructuring costs: SEK ~250 M
- Underlying tax rate: ~26%
- Amortization of intangible assets¹: SEK ~300 M



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Continued focus on growth and excellence

2018 priorities

- Manage market conditions
- Manage sales and margin development through market positioning, operational excellence and improved customer integration
- Continued portfolio management to improve leading positions
- Continued focus on innovations and smart use of new technology
- Integration of CGS and other recent acquisitions

Outlook Q1 2018

- Demand is expected to be on a par with the fourth quarter of 2017, adjusted for seasonal variations



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Questions & Answers